

Rotating Extension Column

Date: July 1, 2008

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### **Farmers Hit Hard by Surging Production Costs**

Some crops are bringing record prices, while farmers are paying unheard of prices for supplies such as fuel, fertilizer, feed and seed. These increased production costs have canceled out the benefits that farmers are believed to be reaping from high commodity prices. Food prices have increased only four percent over the past twelve months, while it is evident to everyone that most other consumer items have increased by several times this amount.

An article published last month in the Southeast Farm Press puts this agricultural production dilemma in perspective. Information provided for the article was provided by Mr. Glenn Waller, a row crop and cattle farmer from Washington County, Georgia. He has recorded the prices that he has paid for production supplies and the income he has made from his crops since 1965. In 1998 he teamed up with Extension Agent Sydney Law to compile the data and show how production costs, farm income and food costs have gone up over the years.

Following are some facts that are sure to surprise and alarm:

- Farmer costs have increased almost 12 times what they were in 1965, while the most important person in the food production process, the farmer, has only received an increase of one and one-half times for farm products during the same period. While this was happening, food prices increased seven times.
- In 1965 Mr. Waller paid \$38 a ton for standard crop fertilizer. Today the average cost of a ton of that same fertilizer is \$420.
- Diesel fuel was, and still is used to run most farm equipment. In 1965 Mr. Waller paid 15 cents per gallon. This year the price is averaging over \$4 per gallon for on-farm or off road diesel.

- In 1965 a 94 horsepower tractor that Mr. Waller uses to plant his corn crop cost \$6,500. The cost of a tractor with the same horsepower costs \$58,000 today.
- In 1965 a four-row grain combine that Mr. Waller uses to harvest his corn crop cost \$6,900. By 2006 the price had risen to \$153,000 and increased by \$333 in 2008.
- The cost of a bushel of seed corn for planting was \$12 in 1965. In March of 2008, seed corn cost \$150 per bushel.

According to the USDA Economic Research Service, farmers receive only 19 cents of every retail dollar spent on food. Once these agricultural products leave the farm another 81 cents is added through expenses associated with processing, packaging, wholesaling, distributing, transporting and retailing.

The American farmer, while faced with all of these challenges, continues to provide the most stable and safest food supply in the world. Because of the farmer's efficiency, USDA statistics show that American shoppers spent less than six percent of their income on food in 2006. This is a lower proportion than any other nation. Most countries spend at least 10 percent, while Indonesia spends 55 percent of their income on food each year.

Though Mr. Waller's data provides much insight and reason for concern, his parting shot, or quote in this article is downright alarming. He says, "If we think we have problems now because we're dependant on imported fuel, imagine life if we were dependant on imported food."

For more information or if you have a question, call Dan Mullins, Extension Commercial Horticulture Agent, The University of Florida/IFAS-Santa Rosa County Extension, at 850-623-3868, between the hours of 8:00 am and 4:30 pm weekdays. Hearing-impaired individuals may call Santa Rosa County Emergency Management Service at 983-5373 (TDD).

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